



Statement of Associated Builders and Contractors

Committee on Government Reform

Subcommittee on Energy, Policy, Natural Resources, and Regulatory Affairs and
Subcommittee on Regulatory Reform and Oversight

July 20, 2004

“Small Business Paperwork Relief Act of 2002”

The Voice of the Merit Shop

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Associated Builders and Contractors (ABC) would like to thank to Chairman Ose and Schrock for your invitation to submit ABC's views regarding progress on the "Small Business Paperwork Relief Act of 2002".

ABC is a national trade association representing 23,000 merit shop contractors, subcontractors, material suppliers and construction-related firms in 80 chapters throughout the United States and Guam. The association was started in 1950 when contractors gathered to form an association built on the shared belief that construction projects should be awarded based on merit, to the most qualified and responsible bidder. Their dedication to the merit shop philosophy spread rapidly; in 1970 only 30 percent of the nation's construction was performed by merit shop contractors, yet today merit shop contractors account for more than 75 percent of all construction across the country.

ABC's members and those in the construction industry are overwhelmingly small businesses. They face a plethora of rules that govern their business operations. Labor, procurement, environmental and tax laws are a short list that fails to show the long list of laws that apply to construction firms. The purpose of this testimony is to provide practical suggestions for the next steps to further the efforts of Office of Management and Budget. OMB has documented in a comprehensive way what businesses need to know and what information they can receive for federal purposes.

The reports from OMB generally address the resources available to small businesses to help them comply with laws. The listed published in the Federal Register shows those efforts of the federal government have sincere. However, the next steps should address these questions:

- 1) how do we determine which laws apply to which businesses in a useful manner?
- 2) how do we truly reach small businesses with that assistance?

Which Law Applies?

ABC recommends that the next step in achieving some relief for paperwork and providing compliance assistance is an investment of government time and resources into developing a decision-tree program, modeled on the Department of Labor's elaws. The Department's program provides businesses with a series of questions about their business (e.g., number of employee, whether they do government contracting, type of business, etc.) and provides a results page that guides them to the laws that apply to them. The site

goes further and gives businesses reference to state compliance assistance. A sample result is attached to this testimony.

To fully implement this program, the Small Business Regulatory Enforcement Fairness Act should be amended to require agencies to complete this analysis for the purposes of compliance at the time of a proposed and final rule as part of the Regulatory Flexibility Act, and for all existing rules within a given time, e.g. two years. If the agency does not know who must comply, how could a small business?

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How Do Businesses Learn About Compliance Assistance?

Efforts to date have been very limited in reaching small businesses. While efforts of federal agencies to reach small businesses through trade associations is valuable, the government should consider make a much greater investment in reaching the everyday business owner.

Several tactics should be considered. General media has gone largely unused by the federal government. The Small Business Administration grants media awards each year to local and national media reporters that assist small businesses. The federal government, in a strategic manner, should seek out educating the larger group of media that serve this audience. This includes printer, radio, television and web-based media. Hit-and-miss media coverage by individual agency efforts is not effective in serving the greater needs of business: comprehensive information on the laws impacting their business. Distributing information on the regulations and other pages would seem worthwhile to this audience.

A second tactic not used is local government. Businesses must maintain a license, usually issued on an annual basis. As result, the most direct route to businesses is through state and local licensing authorities. The federal government should seek out partnerships on a wide-range with these agencies to simply put a few key websites in the information sent by the governments.

ABC appreciates the opportunity to present its views on this important an essential issue, and we hope our practical ideas are helpful.